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DE RUEHMN #0422/01 1981916  
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FM AMEMBASSY MONTEVIDEO  
TO RUEHC/SECSTATE WASHDC PRIORITY 9232  
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C O N F I D E N T I A L MONTEVIDEO 000422

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WHA/BSC FOR MARY DASCHBACH

E.O. 12958: DECL: 06/09/2019  
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SUBJECT: EVO MORALES SEEKS INCREASED TRADE AND POLITICAL  
SUPPORT IN URUGUAY

Classified By: Charge d'Affaires Robin H. Matthewman,  
for reasons 1.4 (B) and (D)

Summary  
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¶1. (SBU) Bolivian President Evo Morales came to Uruguay on July 13. During a seven-hour visit, he met separately with President Tabare Vazquez, Vice President Rodolfo Nin Novoa, and Governor of Montevideo Ricardo Ehrlich, and then gave a midnight press conference before his departure. The most substantial agreement signed, the Joint Communiqué (Comunicado Conjunto), envisions increased cooperation on economic and political issues, most notably Bolivian access to Uruguayan ports, Uruguayan access to Bolivian gas, and Uruguayan support for the Bolivian effort in the UN to obtain international legalization of coca leaves (President Vazquez called for a Ministry of Public Health study on the effects of the coca leaf). The governments also signed an MOU on consular issues, and Morales signed an MOU on biotechnology cooperation between the Uruguayan Pasteur Institute and the Bolivian Ministry of Planning and Development. End Summary.

Agenda and Highlights  
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¶2. (SBU) Morales' visit began with a visit to the Uruguayan Parliament and a call on Vice President Rodolfo Nin Novoa. He then met with President Vazquez at the president's residence, followed by a meeting with Montevideo's mayor, Ricardo Ehrlich. In Montevideo City Hall, Morales addressed an audience of 200 union leaders, government workers and civil society leaders during which he praised Uruguay's respect for democracy, high levels of literacy, and low levels of discrimination. At that event, Morales recognized the presence of Jose Mujica, the presidential candidate for the ruling Frente Amplio (FA) coalition, with a strong handshake and a hug (later, in a press conference, he noted his admiration for Mujica and mentioned thinking of him as an older brother to whom he would go for advice). After a dinner with President Vazquez, the foreign ministers and the ambassadors, Morales gave a press conference where he called for equal rights for small countries in Latin America such as Uruguay, Bolivia, and Paraguay, and the strengthening of institutions like ALBA (the Bolivarian Alliance for the Americas), which he compared favorably to what he described as the "conditional" and "neoliberal" institutions supported by the U.S.

¶3. (SBU) Morales also took the opportunity to claim "first-hand knowledge" that "the empire, specifically SouthCom" is responsible for the current situation in Honduras, though no local news sources focused on this accusation. His inflammatory remarks aside, Morales' primary goals for the visit seemed to be the pursuit of access to Uruguayan ports, re-opening of discussions on the

sub-regional integration project Urupabol (a currently moribund association of Uruguay, Paraguay and Bolivia that has been under discussion since 1963), and firming up support for international legalization of the coca leaf.

#### Expanding Uruguayan-Bolivian Relations: Gas and Ports

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14. (U) The five-page Joint Communiqué touts "excellent bilateral relations" and highlights in detail areas where Uruguay and Bolivia are working together as well as areas in which both presidents would like to deepen cooperation. Politically, the document celebrates the countries' agreement on: respect for national sovereignty; the value of democratic institutions and support for Zelaya as the only legal president of Honduras; the need for innovative social programs to fight poverty; the importance of lifting the OAS ban on Cuba's participation; the need to reform the United Nations to allow for more equal participation; support for each country's bid for a non-permanent UN Security Council seat in 2016-2017 (Uruguay) and 2017-2018 (Bolivia); the need for sustainable development and commitment to an international response to climate change; support for the elimination of coca leaves from the UN Commission on Narcotics list of illegal substances; and the need to strengthen UNASUR and its workgroups, specifically its Counternarcotics Workgroup.

15. (U) Economically, the document outlines: Bolivian support for Uruguay's upcoming Mercosur presidency; the need for a meeting of the Administrative Commission for the Agreement of Complementary Economic Relations between Bolivia and Mercosur; progress on allowing Bolivian use of the ports in

Montevideo and Nueva Palmira; the importance of cooperation on the Paraguay-Parana waterway; the importance of continued science, technology and cultural cooperation; and Uruguay's desire to share best practices on the One-Laptop-per-Child Program.

16. (C) A principal Uruguayan goal in its relations with Bolivia is improving Uruguayan access to Bolivian gas. Such access could free Uruguay from its dependence on Argentina, which has been an unreliable intermediary and provider in the past. A pipeline constructed in 2002 between Buenos Aires and Montevideo raised Uruguay's hopes of switching from petroleum dependence to a gas-based economy (neither of which are national resources). However, Argentina has been unable to deliver at promised levels -- the pipeline has never exceeded 5 percent of capacity -- and companies that had outfitted for gas have had to revert back to oil. The GOU continues to seek alternate sources, but no pipelines currently exist that connect Uruguay to other countries. Discussions of the possibility of expanding the pipeline network in the southern cone and of Uruguay building a regasification plant to allow the importation of liquefied gas continue, but absent a significant infrastructure project there is no way for Uruguay to improve its access to Bolivian gas that does not continue to involve Argentina.

17. (C) Meanwhile, it appears that Bolivia's priority for relations with Uruguay is seeking access to the Atlantic through Uruguayan riverine ports. At first glance, Uruguayan ports could be a solution to Bolivia's ocean access troubles: it is estimated that Bolivia can save USD 15 (25 percent savings) per ton of exported soy by shipping it down the Paraguay-Parana waterway to the Uruguayan port of Nueva Palmira, as opposed to the Chilean port of Arica. Although the GOU welcomes Bolivian use of their ports, the waterway originates in Bolivia and goes through Paraguay and Brazil before reaching Uruguay and Argentina, and several logistical problems present themselves along the way. Political will to remedy these problems (such as Brazil's failure to dredge the Tamengo canal) is currently lacking.

Comment

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18. (C) The communique is packed with good intentions, but those have been often manifested and rarely effectively followed up in the region's recent history. Even considering its frustration with Mercosur, it is doubtful that Uruguay sees an enhanced relationship with Bolivia (or Paraguay) as the lever via which to tilt the regional balance its way. FM Fernandez told the Charge July 15 that the Communique accurately described the results of the visit. In that case, it appears that Morales's trip to Montevideo was basically a feel-good exercise that may not have any tangible results.

Matthewman